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AGRICULTURE, DEPARTMENT OF

A proposed amendment to an REA bulletin concerning the Electric Distribution Borrowers' Financial and Statistical Report appeared in the 7/22/77 Fed. Reg., pp. 35576-77. The amendments are intended to revise the reporting form to delete certain unnecessary information and provide more current information. Comments on the proposed changes should be filed by 8/18/77.

COMMODITY FUTURES TRADING COMMISSION

The fourth and final part of the CFTC self-regulatory program for futures commission merchants (FCMs) has been issued. This part requires all self-regulatory organizations to adopt minimum financial and related reporting requirements with respect to their member FCMs. The proposal would permit the responsibility for monitoring and auditing an FCM who is a member of more than one self-regulatory organization to be delegated to a single self-regulatory organization. Comments on the proposal, which will be published soon in the Fed. Reg., are due by 11/1/77.

COUNCIL ON WAGE AND PRICE STABILITY

Barry Bosworth was confirmed by the Senate as Director of the Council on 7/22/77. Bosworth will replace acting director Robert Crandall. President Carter indicated that the Council will be playing a key role in the Administration's anti-inflation policy when he recently rejected a recommendation by his reorganization staff that it be dissolved and its duties assimilated by other agencies.

ENVIRONMENTAL PROTECTION AGENCY

A campaign to eliminate excessive reporting requirements has been announced by Deputy Administrator Barbara Blum. Ms. Blum announced that she will form a steering group consisting of senior representatives from state governments and regional and headquarters offices to address overall reporting requirements throughout EPA. The campaign will include an examination of EPA's standards and regulations, internal and interagency reporting, and reports prepared in support of EPA's data processing systems. The campaign is part of EPA's commitment to regulatory reform.

FEDERAL ENERGY ADMINISTRATION

A finalized energy measures list which combines the list with the energy audit rule-making announced in late June was published in the 7/25/77 Fed. Reg., pp. 37795-803. The list is to be used at the present time only in connection with the program for supplemental state energy conservation plans.

A summary final report of the Task Force on Compliance and Enforcement has been released. The Task Force, which was chaired by SEC Enforcement Director Stanley Sporkin, found major failings in the compliance and enforcement programs and included a number of recommendations in the areas of compliance program organization, enforcement powers, compliance strategy, and audit staffing and techniques. Mr. Sporkin suggested a special team of auditors to focus on the 15 largest refiners and suggested that the agency simplify future auditing practices by requiring companies it regulates to file detailed pricing information. Administrator O'Leary announced that an auditing strategy will be completed in the next 3 to 4 months in response to the report. A copy of the report may be obtained by calling 202/566-9948.

A panel discussion was conducted last Friday on the proposed Petroleum Company Financial Reporting System. The discussion focused on the proposed reporting Form, P324-A-0. The program is in response to President Carter's April 20th energy message calling for "individual accounting" by energy companies for production, refining, and distribution and marketing. Following the panel discussion, FEA intends to make modifications to the form, then conduct a 30-day pretest involving approximately 8 firms, scheduled to be completed by the end of September, at which time a final version of the form will be prepared for submission to the GAO for clearance.

Congress also appears to be moving in the same direction as the conference reported version of the bill to establish a Department of Energy (S.826) calls for development of an "energy-producing company financial report". The bill would establish an Energy Information Administration within the new department which would develop the report designed to collect data on energy company revenues, profits, cash flow, and investments; analyze the competitive structure of sectors and functional groups within the industry; and segregate energy information and determine costs associated with the various steps in energy production. The Administrator is to consult with the SEC with respect to the development of accounting practices to be used. These energy companies will be required to file annual financial reports, as well as quarterly financial reports, if deemed necessary. It is expected that Congress will consider and pass the DOE bill this week.

FEDERAL POWER COMMISSION

Order No. 505-B was published in the 7/26/77 Fed. Reg., pp. 37970-72, to affirm a prior 1974 order amending the uniform system of accounts concerning premium, discount and expense of issue of long term debt, gains and losses on reacquired debt when no refunding is involved, and gains and losses on reacquisitions of long term debt when a refunding is involved.

FEDERAL RESERVE BOARD

Legislation to increase the deposit insurance levels for individual retirement accounts and Keogh accounts in federally-insured institutions has been introduced by Sen. McIntyre (D-NH). The bill (S.1873) has as its main purpose the authorization of financial institutions to offer interest-bearing NOW accounts. One provision of the bill, however, would increase the insurance levels for Keogh and IRA accounts from \$40,000 to \$100,000. The Senate Banking Committee is scheduled to mark up this bill Tuesday and Wednesday of this week. A companion measure containing only the increase in insurance levels provision has been introduced in the House by Rep. Carr (D-MI) as HR 8586.

FEDERAL TRADE COMMISSION

Revisions to the proposed rules on premerger notification are to be published in today's Fed. Reg. The revisions have been described by Daniel Schwartz, Assistant Director for Evaluation in the Bureau of Competition, as "substantially longer and more complex" than the rules originally proposed last December. The FTC is requesting comments by 8/31/77 on a number of items including the definition of control, treatment of convertible securities, joint venture exemptions, and indirect acquisition.

HEALTH, EDUCATION AND WELFARE, DEPARTMENT OF

Welfare reform proposals are scheduled to be unveiled by the Administration later this week. The proposals are expected to include "some fiscal relief" for state and local governments according to Administration spokesmen. Some elements of the plan may include partial federal takeover of welfare, additional funds for salaries for welfare recipients required to take public service jobs, and a shortening of the "accountable period" used to calculate benefits.

The Congressional Budget Office has released a report on the costs and impact of the current welfare system and of several alternative reform approaches. The background paper is designed to aid Congress by providing several options for changes in the system and by providing a framework in which specific proposals could be examined. The study, "Welfare Reform: Issues, Objectives and Approaches" is available from the GPO for \$3.75.

LABOR, DEPARTMENT OF

The AICPA Committee on Employee Benefit Plans and ERISA has submitted its recommendations concerning changes to ERISA to the House Subcommittee on Labor Standards Pension Task Force in a paper entitled "Recommendations for ERISA Amendments". The Committee commented on the areas of reporting and disclosure under ERISA and strongly urged that clarifications be made to the audit requirements for plan financial statements and simplification of the schedule requirement for reporting of transactions in excess of 3% of plan assets.

[Anyone wishing to receive one free copy of the AICPA recommendations may do so by calling our Washington office. Telephone requests are encouraged and should be directed to extension 47 by 8/10/77.]

"Efforts to Implement the Employee Retirement Income Security Act of 1974 by the Department of Labor" is the title of a recently issued study made by the GAO at the request of the Senate Human Resources Committee. The report discusses the DOL's organizational structure and difficulties in administering ERISA. The GAO concluded that DOL is lagging behind in several areas, including the issuance of regulations on standards imposed by ERISA and the development of pension program enforcement needs. The study includes recommendations for an evaluation of the organizational structure for current efficiency and capacity for handling future ERISA program operations. Copies of the (HRD-77-99) may be obtained for \$1.00 each by calling the GAO Reports Department at 202/275-6241.

OFFICE OF MANAGEMENT AND BUDGET

President Carter has ordered a review of all federal planning requirements that state and local governments and regional governmental organizations must follow when asking for federal assistance. The purpose of this "zero-based review" is to reduce the overall number of such requirements and to eliminate any unnecessary duplications. OMB will assist the departments and agencies in their reviews, as well as the White House intergovernmental staff. Final recommendations are to be submitted to the President by November 30.

RENEGOTIATION BOARD

The President has written each member of the House urging early consideration and passage of HR 5959, the bill to revise and strengthen the Renegotiation Act. The President's letter, dated last Monday, states that he has thoroughly reviewed the

proposed changes and that he is convinced that the amendments "do not unnecessarily burden defense contractors". The bill as yet has not been scheduled for floor debate before the August recess, which begins this Friday.

SECURITIES AND EXCHANGE COMMISSION

The Advisory Committee on Corporate Disclosure will meet 9/6/77 at the SEC Headquarters, 500 N. Capitol Street, Room 776, in Washington. The meeting is for the purpose of considering and approving the Committee's final report. The Committee is scheduled to terminate on 9/30/77.

Finalized filing and disclosure requirements relating to tender offers were announced in Rel. 33-5844, 7/21/77. Item 9 in the new rule covers financial statements of certain bidders and requires "current, adequate financial information concerning the bidder". Instruction 1 to Item 9 provides a safe harbor for the determination of adequacy. The Instruction provides that financial statements in compliance with Form 10 for domestic bidders and Form 20 for foreign bidders will be deemed adequate. The new rules will become effective 8/31/77.

Proposed investment adviser disclosure and recordkeeping requirements, as well as proposed revisions to the registration and annual filing forms for investment advisers were announced in Rel. Nos. IA-601 and 602 (see 7/27/77 Fed. Reg., pp. 36316-36.) Included are proposals to require current balance sheets, and comments are specifically requested on the nature of these balance sheets and whether they should be audited. If it is decided that unaudited balance sheets should be required, comments are requested on whether they should be prepared in accordance with GAAP. Comments are requested by 9/30/77.

TREASURY, DEPARTMENT OF

Written statements and comments on the technical amendments to the Tax Reform Act of 1976 have been requested by the House Ways and Means Committee. The Committee had scheduled a one day hearing on 8/4, then postponed it until 9/8, and finally cancelled any hearing due to its "heavy legislative schedule". Chairman Ullman (D-OR) is now requesting only written comments on the bill (HR 6715), which must be submitted, in quintuplicate, no later than 8/12/77. A markup session will be scheduled some time in the future, according to Mr. Ullman.

Hearings on the energy tax act will begin 8/8/77, running through Friday, 8/12/77. Additional hearings are scheduled for 9/8-9/9, and 9/12-9/14/77, with markup to begin immediately following the hearings and continuing through 9/21/77. The Committee anticipates floor action by 9/26/77, with final conference resolution about 10/3/77. Requests to testify are due today and should be submitted to Staff Director Michael Stern (202/224-4515). Written statements may be filed until 9/14/77.

Amendments to the rules of practice before the IRS by attorneys, CPAs, and enrolled agents appeared in the 7/28/77 Fed. Reg., pp. 38350-54. The amendments, which will be effective 8/29/77, pertain mainly to restrictions on the representation of clients before the IRS by former government employees.

"Tax Information on Jobs Tax Credit" has been released by the IRS. The publication explains qualifying wages, the amount of credit, the limitations on credit, and how to claim credits approved by the IRS for employers that hire more employees during 1977 and 1978. Copies of Publication 902 are now available in local IRS offices.

Legislation allowing the Tax Court to issue a declaratory judgment with respect to the correctness of a precedential revenue ruling which modifies a ruling issued at least 5 years earlier has been introduced by Sen. Gravel (D-Alaska), a member of the Senate Finance Committee. The bill (S.1939) is designed to remedy problems which occur when a taxpayer bases tax decisions on a long-standing rule which is subsequently modified to his detriment. Mr. Gravel cited the example of the investment annuity industry in support of his bill. A copy of his remarks appeared in the 9/27/77 Cong. Record, pp. S12883-85.

A longer, one-page Form 1040A will be used this year, according to the IRS. The new form, printed on pale pink paper, is intended to minimize errors from copying information from the front of the form to the back. It will also permit the IRS to compute the taxpayer's tax after he has filled out identification; filing status; exemptions; wage, dividend and interest information; withholding; earned income credit, and credit for political contributions.

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